

INSTRUCTIONS for FORM OE-1A

U.S. RAILROAD RETIREMENT BOARD

Revised 1997

The following instructions are to assist local subordinate units in reporting creditable compensation and taxable earnings to the National Secretary-Treasurer or National Reporting Officer of your labor organization and in reporting and paying retirement taxes.

Form OE-1a is used to report creditable compensation for local units of national rail labor organizations covered under the Railroad Retirement Act (RRA). Local lodges, divisions, unions, and federations, along with district councils, should report only employees who were previously in an employment relation to a railroad carrier and whose earnings were \$25.00 or more per month.

Form OE-1a should be sent to your National Secretary-Treasurer or National Reporting Officer within 15 days after the end of the period covered by the report. **DO NOT SEND FORM OE-1a TO THE RAILROAD RETIREMENT BOARD (RRB) OR TO THE INTERNAL REVENUE SERVICE (IRS).**

WHERE TO GO FOR ADDITIONAL INFORMATION

- For additional forms or questions about these instructions, contact your national organization or call a Compensation Reporting Specialist at the Railroad Retirement Board's Quality Reporting Service Center at (312) 751-4992.
 - For questions about tax deposits, contact the CT-1 Specialist at the IRS at (913) 345-5623.
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Prepared by the Quality Reporting Service Center

A. INSTRUCTIONS FOR COMPLETING ITEMS 1-13

ITEM Enter the:

1. Name of your national organization
2. Page number and the total number of pages included in this report. Example: Page 1 of 2.
3. Name and/or number of your reporting unit.
4. RRB code assigned to your type of unit. To obtain your unit code, contact your national organization.
5. Appropriate month or quarter and year. Example: Nov 1996 or 2nd Q 1996.
6. Employee's last name followed by initials of first and middle names.
Employee's nine-digit social security number.
7. Number of work hours for which compensation is paid.
8. Gross earnings and Tier I Medicare earnings both consist of all taxable compensation.
Include only amounts earned for service to your unit.
9. Tier I employee Medicare tax withheld from the employee's earnings. Instructions for calculating withholding amounts are in Part B of these instructions.
10. Tier I creditable retirement compensation.
11. Tier I taxes withheld from the employee's earnings.
12. Tier II creditable retirement compensation.
13. Tier II taxes withheld from the employee's earnings.

Sign and date the form. The box entitled "Date Received by NRO" is for use by the national organization.

RAIL LABOR LOCAL UNIT REPORT OF CREDITABLE SERVICE MONTHS AND COMPENSATION									
1. Name of National Organization <div style="text-align: center;">WORKERS UNITED</div>						2. Page <u>1</u> Of <u>1</u> Pages		See Instructions on Separate page	
2. Payroll Report of Reporting Unit (Name and/or Number) <div style="text-align: center;">LOCAL 100</div>				4. RRB Unit No. <div style="text-align: center;">9999</div>		5. For Month or Quarter Ending <div style="text-align: center;">2nd Q 1996</div>			
COMPENSATION SHOULD NOT BE REPORTED IN EXCESS OF THE APPLICABLE YEARLY MAXIMUMS –						Tier I Maximum \$		Tier II Maximum \$	
						62,700		46,500	
6. EMPLOYEE IDENTIFICATION	Month of Quarter	7. Work Hours	8. Gross Earnings and Tier I Medicare Earnings	9. Tier I Employee Medicare Tax Withheld	10. Tier I Retirement Earnings	11. Tier I Employee Tax Withheld	12. Tier II Earnings	13. Tier II Employee Tax Withheld	
Name CARL CARMAN	1	10	50.00	.73	50.00	3.10	50.00	2.45	
	2	10	50.00	.73	50.00	3.10	50.00	2.45	
SSA Number 999-99-9999	3	8	40.00	.58	40.00	2.48	40.00	1.96	
Name ED ENGINEER	1	60	480.00	6.96	480.00	29.76	480.00	23.52	
	2	64	512.00	7.42	512.00	31.74	512.00	25.09	
SSA Number 888-88-8888	3	64	512.00	7.42	512.00	31.74	512.00	25.09	
Name DICK DISPATCHER	1	12	60.00	.87	60.00	3.72	60.00	2.94	
	2	12	60.00	.87	60.00	3.72	60.00	2.94	
SSA Number 777-77-7777	3	12	60.00	.87	60.00	3.72	60.00	2.94	
Name TOM TRAINMAN	1	2	25.00	.36	25.00	1.55	25.00	1.23	
	2	2	25.00	.36	25.00	1.55	25.00	1.23	
SSA Number 666-66-6666	3	2	25.00	.36	25.00	1.55	25.00	1.23	
	1								
	2								
	3								
	1								
	2								
	3								
Totals		258	1899.00	27.53	1899.00	117.73	1899.00	93.07	
CAUTION: Railroad retirement (CT-1) taxes must be deposited in a Federal depository as directed by the Internal Revenue Service. Please read Form CT-1 instructions for the proper depositing procedures. The frequency of your tax deposits is NOT determined by the completion of Form OE-1a. Deposits may be required more or less often.									
Name/Title PAM PAYROLL ACCOUNTANT		Address CHICAGO IL			Telephone Number (312) 555-5555		Date Completed 7 / 5 / 96	Date Received by NRO	

B. INSTRUCTIONS FOR CALCULATING WITHHOLDING AMOUNTS

In October of each year, the RRB sends to each National Reporting Officer or National Secretary-Treasurer, notices of the earnings maximum and the Tier I, Tier II, and Medicare tax rates for the following year. The RRB determines and issues the supplemental tax rate quarterly in the month preceding the quarter.

Compensation should not be taxed or reported in excess of the annual compensation maximums. Before calculating withholding or completing Form OE-1a, enter the annual compensation maximums in the corresponding boxes above Items 10/11 and 12/13 for control purposes. Unless you are sure that no employee will reach the Tier II earnings maximum, it will be necessary to maintain cumulative earnings with each pay period. When an employee's earnings with your unit reach the Tier II maximum, Tier II tax is no longer assessed in that year. When an employee's earnings with your unit reach the Tier I maximum, Tier I tax is no longer assessed in that year. There is no compensation maximum for Medicare tax for tax years after 1993.

The employee pays three payroll taxes, Tier I, Tier II, and Medicare tax. Employees do not pay supplemental tax. The employee and employer pay the same share of Tier I and Medicare taxes but the Tier II tax rates differ. To calculate withholding, multiply the taxable earnings by:

1. the employee Tier I tax rate to obtain the Tier I tax;
2. the employee Tier II tax rate to obtain the Tier II tax; and
3. the Medicare tax rate to obtain the Medicare tax.

Following is the calculation of Carl Carman's withholding from *Section A*.

MEDICARE TAX WITHHOLDING	TIER I TAX WITHHOLDING	TIER II TAX WITHHOLDING
\$50.00 <u>x .0145</u> .73	\$50.00 <u>x .062</u> 3.10	\$50.00 <u>x .049</u> 2.45

C. INSTRUCTIONS FOR USE OF FORM OE-1A IN COMPLETING FORM CT-1

Form CT-1 is the IRS form used to report railroad retirement taxes. Form CT-1 is filed annually for taxes imposed on earnings paid in a calendar year. If all employees' cumulative earnings are less than the Tier II maximum, the cumulative gross earnings will also be the cumulative Tier I and cumulative Tier II earnings.

Enter the cumulative earnings totals and withholding totals in the appropriate spaces in the **TAX CALCULATION WORKSHEET** on the back of Form OE-1a. The cumulative totals are the sums of the totals from all Forms OE-1a filed in the year. Enter the tax rates in Item A, B, C, and D on the worksheet and multiply by the earnings. The items from the **TAX CALCULATION WORKSHEET** are in the same order and directly correspond to items on Form CT-1. Transcribe the amounts from the worksheet to Form CT-1 using the "CT-1 references" column on the worksheet as a guide.

The supplemental tax rate is subject to change quarterly. **NOTE:** If the supplemental tax rate changes midyear, follow the IRS instructions for completing Form CT-1 to determine the supplemental tax liability, rather than using the worksheet. The worksheet assumes that one supplemental tax rate is applicable for the entire year.

The cumulative yearly totals in the following example are four times the quarterly totals from **Section A**.

FORM OE-1a TAX CALCULATION WORKSHEET

TAX CALCULATION		CT-1 REFERENCES
A. $\frac{1,032}{\text{Column 7 Total}} \times \frac{.34}{\text{Supplemental Tax Rate}}$	\$ 350.88	Supplemental Tax
B. $\frac{\$7,596.00}{\text{Column 10 Total}} \times \frac{.062}{\text{Tier I Employer Tax Rate}}$	\$ 470.95	Tier I Employer Tax
C. $\frac{\$7,596.00}{\text{Column 8 Total}} \times \frac{.0145}{\text{Medicare Tax Rate}}$	\$ 110.14	Employer Medicare Tax
D. $\frac{\$7,596.00}{\text{Column 12 Total}} \times \frac{.161}{\text{Tier II Employer Tax Rate}}$	\$ 1,222.96	Tier II Employer Tax
E. Column 11 Total	\$ 470.92	Tier I Employee Tax
F. Column 9 Total	\$ 110.12	Employee Medicare Tax
G. Column 13 Total	\$ 372.28	Tier II Employee Tax Tax
H. Sum columns A through G. CT-1 Railroad Retirement Tax Liability for period. – 1996	\$ 3,108.25	Total Railroad Retirement Taxes

The amount in Item B should equal Item E and amounts in Item C should equal Item F. The items may differ a few cents due to rounding of partial cents.

D. INSTRUCTIONS FOR USE OF FORM OE-1a IN DETERMINING TAX LIABILITY

CT-1 taxes are paid monthly with two exceptions, 1) your tax liability is more than \$50,000, in which case taxes are paid more often than monthly, or 2) your tax liability is less than \$500, in which case taxes may be paid annually. Deposits are made with a Federal Reserve Bank using Form 8109, Federal tax Deposit Coupon or electronically using RRBLINK. Contact the IRS for Form 8109 and deposit information.

The frequency, monthly or quarterly, for filling Form OE-1a is determined by your national organization. If you file Form OE-1a monthly, the form can be used to calculate your monthly tax liability by completing Items A through H on the **TAX CALCULATION WORKSHEET** that is on the back of Form OE-1a. If you file Form OE-1a quarterly, the form will not have the monthly totals needed to determine monthly tax liability. If you develop the monthly earnings and withholding totals, you can enter the monthly totals in the **TAX CALCULATION WORKSHEET** to calculate the monthly tax liability.

If all employees' earnings are less than the Tier II maximum, another option for determining monthly tax liability is to multiply the monthly gross earnings by the combined tax rate and add the supplemental tax. The combined tax rate is the sum of the six tax rates: Employee and Employer-Medicare rates, Tier I rates, and Tier II rates. For example, the sum of the six tax rates for 1996 is 36.3%. Multiply the January 1996 gross earnings by .363. Multiply the January man hours by .34 (Item A on the worksheet). Add the two products to obtain January 1996 CT-1 tax liability.

The following example demonstrates the calculation of CT-1 tax liability for April 1996 using data from **Section A**. The totals in Items A through H were developed from the figures shown for the first month of the second quarter. This example assumes that the supplemental tax rate of \$34 is effective for the entire year.

FORM OE-1a TAX CALCULATION WORKSHEET

TAX CALCULATION		CT-1 REFERENCES
A. $\frac{84}{\text{Column 7 Total}} \times \frac{\$.34}{\text{Supplemental Tax Rate}}$	\$ 28.56	Supplemental Tax
B. $\frac{\$615.00}{\text{Column 10 Total}} \times \frac{.062}{\text{Tier I Employer Tax Rate}}$	\$ 38.13	Tier I Employer Tax
C. $\frac{\$615.00}{\text{Column 8 Total}} \times \frac{.0145}{\text{Medicare Tax Rate}}$	\$ 8.92	Employer Medicare Tax
D. $\frac{\$615.00}{\text{Column 12 Total}} \times \frac{.161}{\text{Tier II Employer Tax Rate}}$	\$ 99.02	Tier II Employer Tax
E. Column 11 Total	\$ 38.13	Tier I Employee Tax
F. Column 9 Total	\$ 8.92	Employee Medicare Tax
G. Column 13 Total	\$ 30.14	Tier II Employee Tax
H. Sum columns A through G. Month of April 1996 CT-1 Railroad Retirement Tax Liability for period.	\$ 251.82	Total Railroad Retirement Taxes

The amount in Item B should equal Item E and amounts in Item C should equal Item F. The items may differ a few cents due to rounding of partial cents.